

State of the Grizzlies: August 2013

Fresno Grizzlies President Chris Cummings' email Q&A with The Bee's George Hostetter on Thursday, Aug. 8, 2013:

George Hostetter: According to city records, the back rent (including city Arts, Parks, Entertainment and Sports fees) is \$1.41 million as of Aug. 1, 2013. The unpaid rent goes back to March 2012. Can the Grizzlies pay this bill? If so, when?

Chris Cummings: We actually made payments in the summer last year as well as in September. That being said, if you start with \$1.41 million that is outstanding and deduct the rent credits to which we are entitled (we haven't submitted the paperwork for these credits but they have been earned and still apply), you would reduce the outstanding bill by \$500,000 on the maintenance credit; roughly \$300,000 for our parking revenue and \$50,000 for the capital improvement credit. These three credits bring the outstanding balance down to \$560,000. I dropped off a check to the City in the sum of \$250,000 this afternoon. That reduces it to \$310,000. We will pay another \$250,000 when the [Chukchansi Park stadium] naming rights check comes in at the beginning of September. That reduces it to \$50,000. We intend to catch up in October.

Hostetter: What is Fresno Baseball Club's current financial status?

Cummings: We are still working hard to overcome numerous challenges, most of which stem from the lease, but this has been the best year for us in the last 4 years. We do have some outstanding payables that have built up will be paid in September. We are looking forward to the future!

Hostetter: How would you describe Fresno Baseball Club's financial performance this year?

Cummings: We continue to see overall improvements and have increased our revenue and decreased our expenses;
Season ticket revenue is up 10% over prior season and up 19% since 2010. We're also up in group and walk-up revenue, which means we're up in all 3 ticket categories.
As of today, we are 5th in overall attendance in the Pacific Coast League. Of the 16 teams, we have remained between 3rd-6th all season;
Our attendance is up over last season (it's 6% currently);
Wild About Reading surpassed 100,000 students this year for the first time and we are preparing now for the 2013-2014 season;
Parker won the PCL Mascot of the Year and is in the finals for best mascot in MiLB.

Hostetter: You stated in April that several partners would entertain the sale of their shares. Any movement on efforts to sell the team?

Cummings: Still working on it.

Hostetter: Are you seeking a new lease or a rent break from City Hall?

Cummings: I have not brought up the subject.

Hostetter: If the team ends 2013 still owing back rent on 2012, how would FBC ever catch up?

Cummings: We have always paid our bills and always will.

Hostetter: What's the future hold for FBC and the Grizzlies?

Cummings: This has been a great season and we are looking forward to many more! Season ticket sales start this month and we are expecting that the improvements over the last several years will continue.

City of



OFFICE OF THE CITY MANAGER

DATE: August 8, 2013

TO: HONORABLE MAYOR ASHLEY SWEARENGIN
CITY COUNCIL PRESIDENT BLONG XIONG
CITY COUNCIL MEMBERS

THROUGH: BRUCE RUDD, City Manager *BR*

FROM: RENENA SMITH, Assistant City Manager *RS*

SUBJECT: **FRESNO BASEBALL CLUB, LLC/FRESNO GRIZZLIES LEASE STATUS**

The Fresno Baseball Club, LLC/Fresno Grizzlies (Tenant) contract is based upon a calendar year (CY). Consistent with the terms of the contract the Tenant shall have an annual audit of its financial statements completed by an independent licensed California certified public accountant or accounting firm. The audit was completed by March 31, 2013 and the City was provided a copy.

The attached schedule has been prepared to keep you informed of the status of the outstanding receivables due to the City from the Tenant. It should be noted that CY 2011 balances have been fully remitted therefore the outstanding balance is related to CY 2012 through July 1, 2013 activity only. The terms of the contract call for lease payments of \$125,000 due on the first of the month for total annual lease payments of \$1,500,000. The lease payments are offset with the following contractual credits: 1) annual investment credit of up to \$50,000 related to the scoreboard; 2) annual parking revenue credit at the actual net amount of revenue minus expenses; and 3) a facility maintenance credit of up to \$500,000. The facility maintenance credit requires that 50% of qualifying maintenance costs be reimbursed up to \$500,000 annually. The Tenant has submitted receipts that allow for \$484,375,000 of applied credit for CY 2012 but has not submitted receipts for CY 2013 activity. The Tenant is expected to submit receipts in the next few weeks to obtain available CY 2013 credit.

In addition to the fixed rental, the Tenant also imposes and collects an Arts, Parks, Entertainment and Sports Fee (APES) of \$1.00 for each paid ticket. The APES Fee is validated through the annual audit. The APES fee due to the City is \$144,000 for the CY 2012 season.

As of August 1, 2013 the Tenant owes an outstanding balance of \$1,413,086 including the CY 2012 APES fees. This amount is subject to reduction of up to \$500,000 if the Tenant provides qualifying maintenance receipts of at least \$1,000,000.

Attachment

C: Georgeanne White, Chief of Staff
Karen Bradley, Interim Controller/Finance Director

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Note: Information related to 2013 maintenance credits and 2013 APES fees have not been submitted.